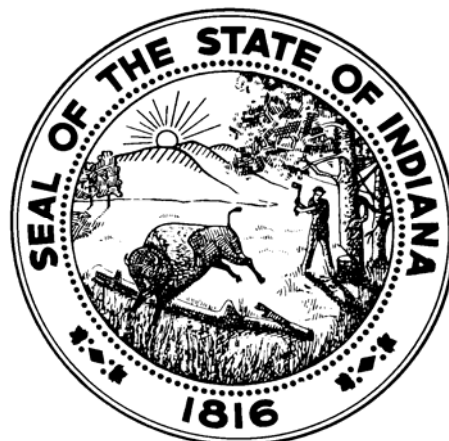


**STATE BOARD OF ACCOUNTS
302 West Washington Street
Room E418
INDIANAPOLIS, INDIANA 46204-2769**

ANNUAL FINANCIAL REPORT

2005

WATER AND WASTEWATER UTILITIES
TOWN OF PLAINFIELD
HENDRICKS COUNTY, INDIANA



FILED
03/22/2007

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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	H. Michael Isaac Wesley Bennett	01-01-04 to 08-14-05 08-15-05 to 12-31-07
President of the Town Council	Robin Brandgard	01-01-05 to 12-31-07
Superintendent of Utilities	Jason Castetter	01-01-05 to 12-31-07



STATE OF INDIANA

AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
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INDEPENDENT AUDITOR'S REPORT

TO: THE OFFICIALS OF THE WATER AND WASTEWATER UTILITIES,
TOWN OF PLAINFIELD, HENDRICKS COUNTY, INDIANA

We have audited the accompanying financial statements of the business-type activities of the Water and Wastewater Utilities (Utilities), departments of the Town of Plainfield, as of and for the year ended December 31, 2005. These financial statements are the responsibility of the Utilities' management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note I, the financial statements of the Water and Wastewater Utilities, Town of Plainfield, are intended to present the financial position, and the changes in financial position and cash flows of only that portion of the business-type activities of the Town that is attributable to the transactions of the Utilities. They do not purport to, and do not, present fairly the financial position of the Town of Plainfield as of December 31, 2005, and the changes in its financial position and its cash flows, where applicable, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities for the Water and Wastewater Utilities, as of December 31, 2005, and the respective changes in financial position and cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

STATE BOARD OF ACCOUNTS

February 1, 2007

WATER AND WASTEWATER UTILITIES
TOWN OF PLAINFIELD
STATEMENT OF NET ASSETS
December 31, 2005

	2005	
	Water Utility	Wastewater Utility
<u>Assets</u>		
Current assets:		
Cash and cash equivalents	\$ 2,643,986	\$ 1,993,571
Accounts receivable (net of allowance)	891,101	442,974
Interfund receivables	61,335	-
Inventories	134,104	31,487
Prepaid items	14,321	14,321
Total current assets	<u>3,744,847</u>	<u>2,482,353</u>
Noncurrent assets:		
Restricted cash, cash equivalents and investments:		
Customer deposits	141,671	-
Revenue bond covenant accounts	1,628,476	1,226,989
Total restricted assets:	<u>1,770,147</u>	<u>1,226,989</u>
Deferred charges	<u>283,575</u>	<u>424,892</u>
Capital assets:		
Land, improvements to land and construction in progress	341,545	1,004,676
Other capital assets (net of accumulated depreciation)	40,597,120	84,587,791
Total capital assets	<u>40,938,665</u>	<u>85,592,467</u>
Total noncurrent assets	<u>42,992,387</u>	<u>87,244,348</u>
Total assets	<u>46,737,234</u>	<u>89,726,701</u>
<u>Liabilities</u>		
Current liabilities:		
Accounts payable	156,704	334,124
Accrued wages payable	20,507	20,891
Interfund payables	-	76,170
Current liabilities payable from restricted assets:		
Customer deposits	141,671	-
Accrued interest payable	-	33,380
Revenue bonds payable	290,000	490,000
Total current liabilities	<u>608,882</u>	<u>954,565</u>
Noncurrent liabilities:		
Revenue bonds payable (net of unamortized discounts and deferred amount on refunding)	<u>6,903,778</u>	<u>14,022,175</u>
Total liabilities	<u>7,512,660</u>	<u>14,976,740</u>
<u>Net Assets</u>		
Invested in capital assets, net of related debt	33,744,887	71,080,292
Restricted for debt	1,628,476	1,226,989
Restricted for customer deposits	141,671	-
Unrestricted	<u>3,709,540</u>	<u>2,442,680</u>
Total net assets	<u>\$ 39,224,574</u>	<u>\$ 74,749,961</u>

The notes to the financial statements are an integral part of this statement.

WATER AND WASTEWATER UTILITIES
TOWN OF PLAINFIELD
STATEMENT OF REVENUES, EXPENSES AND OTHER CHANGES IN FUND NET ASSETS
As Of And For The Year Ended December 31, 2005

	2005	
	Water Utility	Wastewater Utility
Operating revenues:		
Metered revenue	\$ 2,703,159	\$ 3,368,551
Unmetered revenue	17,048	-
Fire protection revenue	203,640	-
Other	931,268	2,129,789
Total operating revenues	3,855,115	5,498,340
Operating expenses:		
Transmission and distribution	145,211	-
Pumping - operations and maintenance	-	75,645
Treatment and disposal - operations and maintenance	-	154,481
Salaries and wages	659,217	502,535
Employee pensions and benefits	175,166	162,163
Chemicals	75,005	69,852
Materials and supplies	162,992	368,014
Contractual services	281,772	849,469
Transportation expenses	23,795	14,379
Insurance expense	48,528	41,283
Depreciation and amortization	809,516	1,394,635
Miscellaneous expenses	93,359	653,249
Total operating expenses	2,474,561	4,285,705
Operating income	1,380,554	1,212,635
Nonoperating revenues (expenses):		
Interest and investment revenue	56,927	96,585
Amortization expense	(20,970)	(41,067)
Interest expense	(302,419)	(658,990)
Total nonoperating expenses	(266,462)	(603,472)
Income before contributions	1,114,092	609,163
Capital contributions	74,187	74,683
Change in net assets	1,188,279	683,846
Total net assets - beginning (as previously reported)	43,716,777	70,159,150
Correction of errors (Note II. G.)	(5,680,482)	3,906,965
Total net assets - beginning (as restated)	38,036,295	74,066,115
Total net assets - ending	\$ 39,224,574	\$ 74,749,961

The notes to the financial statements are an integral part of this statement.

WATER AND WASTEWATER UTILITIES
TOWN OF PLAINFIELD
STATEMENT OF CASH FLOWS
ENTERPRISE FUNDS
As Of And For The Year Ended December 31, 2005

	2005	
	Water Utility	Wastewater Utility
Cash flows from operating activities:		
Receipts from customers and users	\$ 2,883,679	\$ 3,422,855
Payments to suppliers and contractors	(1,094,760)	(3,078,900)
Payments to employees	(869,219)	(505,520)
Other receipts	931,268	2,129,789
Net cash provided by operating activities	1,850,968	1,968,224
Cash flows from capital and related financing activities:		
Capital contributions	74,187	74,683
Acquisition and construction of capital assets	(1,174,856)	(5,951,138)
Principal paid on capital debt	(290,000)	(480,000)
Interest paid on capital debt	(311,713)	(625,610)
Net cash used by capital and related financing activities	(1,702,382)	(6,982,065)
Cash flows from investing activities:		
Interest received	56,927	96,585
Net cash provided by investing activities	56,927	96,585
Net increase (decrease) in cash and cash equivalents	205,513	(4,917,256)
Cash and cash equivalents, January 1	4,208,620	8,137,816
Cash and cash equivalents, December 31	\$ 4,414,133	\$ 3,220,560
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	\$ 1,380,554	\$ 1,212,635
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation expense	809,516	1,394,635
(Increase) decrease in assets:		
Accounts receivable	60,503	27,920
Interfund services provided or used	(59,788)	26,384
Inventories	10,648	(20,180)
Prepaid items	(11,580)	(14,321)
Increase (decrease) in liabilities:		
Accounts payable	(227,765)	(699,844)
Accrued wages payable	(4,192)	(2,984)
Interfund payables	(26,384)	74,623
Taxes payable	(9,017)	-
Compensated absence payable	(30,644)	(30,644)
Customer deposits	(40,883)	-
Total adjustments	470,414	755,589
Net cash provided by operating activities	\$ 1,850,968	\$ 1,968,224

The notes to the financial statements are an integral part of this statement.

WATER AND WASTEWATER UTILITIES
TOWN OF PLAINFIELD
NOTES TO FINANCIAL STATEMENTS

I. Summary of Significant Accounting Policies

A. Reporting Entity

The financial statements reflect only the activity of the Utilities and are not intended to present fairly the position of the Town of Plainfield (Town), and the results of its operations and cash flows of its enterprise funds. The Utilities, whose operations are controlled by the Town, represent a substantial portion of the Town's enterprise funds.

B. Fund Financial Statements

Business-type activity financial statements consist of the Statement of Net Assets; Statement of Revenues, Expenses, and Other Changes in Fund Net Assets; and the Statement of Cash Flows. Business-type activities rely to a significant extent on fees and charges for support.

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The accounts of the business-type activity are maintained and the financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recognized when incurred.

Proprietary funds distinguish operating revenues from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise funds are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

D. Assets, Liabilities and Net Assets or Equity

1. Deposits and Investments

The Utilities' cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

State statute (IC 5-13-9) authorizes the Utilities to invest in securities, including but not limited to, federal government securities, repurchase agreements, and certain money market mutual funds. Certain other statutory restrictions apply to all investments made by local governmental units.

Demand deposits and similar nonparticipating negotiable instruments that are not reported as cash and cash equivalents are reported as investments at cost.

Investment income, including changes in the fair value of investments, is reported as revenue in the operating statement.

WATER AND WASTEWATER UTILITIES
TOWN OF PLAINFIELD
NOTES TO FINANCIAL STATEMENTS
(Continued)

2. Inventories and Prepaid Items

All inventories are valued at cost using the first in/first out (FIFO) method. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

3. Restricted Assets

Certain proceeds of the enterprise fund revenue bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the statement of net assets balance sheet because their use is limited by applicable bond covenants.

4. Capital Assets

Capital assets, which include property, plant, and equipment, are reported in the financial statements.

Capital assets are reported at actual or estimated historical cost based on appraisals or deflated current replacement cost. Contributed or donated assets are reported at estimated fair value at the time received.

Capitalization thresholds (the dollar values above which asset acquisitions are added to the capital asset accounts), depreciation methods and estimated useful lives of capital assets are as follows:

	Capitalization Threshold	Depreciation Method	Water Estimated Useful Life	Wastewater Estimated Useful Life
Land	\$ 1,000	N/A	N/A	N/A
Buildings and building improvements	50,000	Straight-line	50 years	50 years
Improvements other than buildings	5,000	Straight-line	66 years	50 years
Machinery and Equipment	5,000	Straight-line	5 years	5 years
Transportation	5,000	Straight-line	5 years	3-15 years
Infrastructure	100,000	Straight-line	25-50 years	25-50 years

For depreciated assets, the cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. The total interest expense incurred by the Water and Wastewater Utilities during the current year was \$302,419 and \$658,990, respectively. Of the amount, none was included as part of the cost of capital assets under construction.

WATER AND WASTEWATER UTILITIES
TOWN OF PLAINFIELD
NOTES TO FINANCIAL STATEMENTS
(Continued)

5. Compensated Absences

- a. Sick Leave – employees earn sick leave at the rate of 8 to 12 hours per month. Unused sick leave may be accumulated to a maximum of 240 or 360 hours. Accumulated sick leave is not paid to employees.
- b. Vacation Leave – employees earn vacation leave at rates from 48 to 312 hours based upon the number of years of service. Vacation leave does not accumulate from year to year. Accumulated vacation leave is paid to employees through cash payments upon termination.

6. Long-Term Obligations

Long-term debt and other long-term obligations are reported as liabilities in the statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

II. Detailed Notes on All Funds

A. Deposits and Investments

1. Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. Indiana Code 5-13-8-1 allows a political subdivision of the State of Indiana to deposit public funds in a financial institution only if the financial institution is a depository eligible to receive state funds and has a principal office or branch that qualifies to receive public funds of the political subdivision. At December 31, 2005, the bank balances were insured by the Federal Deposit Insurance Corporation or the Public Deposit Insurance Fund, which covers all public funds held in approved depositories.

2. Investments

Authorization for investment activity is stated in Indiana Code 5-13. As of December 31, 2005, the Utilities had \$3,861,471 in repurchase agreements.

Investment Policies

Indiana Code 5-13-9 authorizes the Utilities to invest in securities backed by the full faith and credit of the United States Treasury or fully guaranteed by the United States of America and issued by the United States Treasury, a federal agency, a federal instrumentality, or a federal government sponsored enterprise. Indiana Code also authorizes the unit to invest in securities fully guaranteed and issued by a federal agency, a federal instrumentality or a federal government sponsored enterprise. These investments are required by statute to have a stated final maturity of not more than two years.

WATER AND WASTEWATER UTILITIES
TOWN OF PLAINFIELD
NOTES TO FINANCIAL STATEMENTS
(Continued)

Indiana Code also provides for investment in money market mutual funds that are in the form of securities of, or interest in, an open-end, no-load, management-type investment company or investment trust registered under the provision of the federal Investment Company Act of 1940, as amended. Investments in money market mutual funds may not exceed 50% of the funds held by the Utilities and available for investment. The portfolio of an investment company or investment trust used must be limited to direct obligations of the United States of America, obligations issued by a federal agency, a federal instrumentality, or a federal government sponsored enterprise or repurchase agreements fully collateralized by direct obligations of the United States of America or obligations issued by a federal agency, a federal instrumentality, or a federal government sponsored enterprise. The form of securities of, or interest in, an investment company or investment trust must be rated as AAA, or its equivalent by Standard and Poor's Corporation or its successor or Aaa, or its equivalent, by Moody's Investors Service, Inc., or its successor. The form of securities in an investment company or investment trust should have a stated final maturity of one day.

Additionally, the Utilities may enter into repurchase agreements with depositories designated by the State Board of Finance as depositories for state deposits involving the unit's purchase and guaranteed resale of any interest-bearing obligations issued or fully insured or guaranteed by the United States of America, a United States of America government agency, an instrumentality of the United States of America, or a federal government sponsored enterprise. The repurchase agreement is considered to have a stated final maturity of one day. This agreement must be fully collateralized by interest-bearing obligations as determined by their current market value.

Investment Custodial Credit Risk

The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. The Utilities do not have a formal investment policy for custodial credit risk for investments.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Utilities must follow state statute and limit the stated final maturities of the investments to no more than two years. At December 31, 2005, the Utilities' investments in repurchase agreements had investment maturities of less than one year.

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. At December 31, 2005, the Utilities' investments in repurchase agreements were unrated.

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The Utilities do not have a policy in regards to concentration of credit risk. United States of America government and United States of America governmental agency securities are exempt from this policy requirement.

WATER AND WASTEWATER UTILITIES
TOWN OF PLAINFIELD
NOTES TO FINANCIAL STATEMENTS
(Continued)

Foreign Currency Risk

The Utilities do not have a formal policy in regards to foreign currency risk.

B. Capital Assets

Capital asset activity for the year ended December 31, 2005, was as follows:

<u>Water Utility</u>	Beginning Balance Restated	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:				
Land	\$ -	\$ 37,770	\$ -	\$ 37,770
Construction in progress	-	1,113,149	809,374	303,775
				-
Total capital assets, not being depreciated	-	1,150,919	809,374	341,545
Capital assets, being depreciated:				
Buildings and building improvements	11,739,402	230,040	-	11,969,442
Improvements other than buildings	43,118,447	603,271	-	43,721,718
Machinery and equipment	228,639	-	-	228,639
Totals	55,086,488	833,311	-	55,919,799
Less accumulated depreciation for:				
Buildings and building improvements	1,369,285	237,275	-	1,606,560
Improvements other than buildings	13,032,812	554,388	-	13,587,200
Machinery and equipment	111,066	17,853	-	128,919
Totals	14,513,163	809,516	-	15,322,679
Total capital assets, being depreciated, net	40,573,325	23,795	-	40,597,120
Total capital assets, net	<u>\$ 40,573,325</u>	<u>\$ 1,174,714</u>	<u>\$ 809,374</u>	<u>\$ 40,938,665</u>

Wastewater Utility

Capital assets, not being depreciated:				
Land	\$ 975,996	\$ 25,365	\$ -	\$ 1,001,361
Construction in progress	8,690,893	6,858,244	15,545,822	3,315
				-
Total capital assets, not being depreciated	9,666,889	6,883,609	15,545,822	1,004,676

WATER AND WASTEWATER UTILITIES
TOWN OF PLAINFIELD
NOTES TO FINANCIAL STATEMENTS
(Continued)

<u>Wastewater Utility</u>	Beginning Balance Restated	Increases	Decreases	Ending Balance
Capital assets, being depreciated:				
Buildings and building improvements	12,764,125	10,906,253	-	23,670,378
Improvements other than buildings	73,470,720	3,657,520	-	77,128,240
Machinery and equipment	310,998	49,578	-	360,576
Totals	86,545,843	14,613,351	-	101,159,194
Less accumulated depreciation for:				
Buildings and building improvements	5,309,152	493,837	-	5,802,989
Improvements other than buildings	9,624,109	879,606	-	10,503,715
Machinery and equipment	243,507	21,192	-	264,699
Totals	15,176,768	1,394,635	-	16,571,403
Total capital assets, being depreciated, net	71,369,075	13,218,716	-	84,587,791
Total capital assets, net	<u>\$ 81,035,964</u>	<u>\$ 20,102,325</u>	<u>\$ 15,545,822</u>	<u>\$ 85,592,467</u>

C. Construction Commitments

Construction work in progress is composed of the following:

<u>Project</u>	Total Project Authorized	Expended to December 31, 2005	Committed
<u>Water Utility:</u>			
Anderson Park Wells	\$ 200,000	\$ 72,206	\$ 127,794
Barker Water Treatment Facility	3,200,000	231,569	2,968,431
Totals - Water Utility	<u>\$ 3,400,000</u>	<u>\$ 303,775</u>	<u>\$ 3,096,225</u>
<u>Wastewater Utility:</u>			
Cimmeron Lift Station	<u>\$ 100,000</u>	<u>\$ 3,315</u>	<u>\$ 96,685</u>

WATER AND WASTEWATER UTILITIES
TOWN OF PLAINFIELD
NOTES TO FINANCIAL STATEMENTS
(Continued)

D. Interfund Receivables and Payables

The composition of interfund balances as of December 31, 2005, is as follows:

Due To	Due From		
	General Fund	Wastewater Utility	Total
General Fund	\$ -	\$ 52,984	\$ 52,984
Water Utility	38,149	23,186	61,335
Totals	<u>\$ 38,149</u>	<u>\$ 76,170</u>	<u>\$ 114,319</u>

Interfund balances resulted from the time lag between the dates that interfund goods and services are provided or reimbursable expenditures occur and payments between funds are made.

E. Long-Term Liabilities

1. Revenue Bonds

The Utilities issues bonds to be paid by income derived from the acquired or constructed assets. Revenue bonds outstanding at year end are as follows:

Purpose	Interest Rates	Balance at December 31	Unamortized Premium	Unamortized Deferral of Loss	Net Amount
<u>Water Utility:</u>					
2003 Improvement	2.00% to 4.50%	\$ 5,005,000	\$ -	\$ -	\$ 5,005,000
2004 Refunding	3.00% to 4.75%	2,220,000	43,631	(74,853)	2,188,778
Totals - Water Utility		<u>\$ 7,225,000</u>	<u>\$ 43,631</u>	<u>\$ (74,853)</u>	<u>\$ 7,193,778</u>
<u>Wastewater Utility:</u>					
1999A Improvement	4.85% to 5.00%	\$ 1,370,000	\$ -	\$ -	\$ 1,370,000
2003A Refunding	3.50% to 4.75%	11,160,000	-	(127,825)	11,032,175
2003B Improvement	3.50% to 4.00%	2,110,000	-	-	2,110,000
Totals - Wastewater Utility		<u>\$ 14,640,000</u>	<u>\$ -</u>	<u>\$ (127,825)</u>	<u>\$ 14,512,175</u>

WATER AND WASTEWATER UTILITIES
TOWN OF PLAINFIELD
NOTES TO FINANCIAL STATEMENTS
(Continued)

Revenue bonds debt service requirements to maturity are as follows:

Year Ended December 31	Water Utility		Wastewater Utility	
	Principal	Interest	Principal	Interest
2006	\$ 290,000	\$ 295,044	\$ 490,000	\$ 642,190
2007	300,000	286,838	505,000	625,040
2008	305,000	277,981	520,000	607,365
2009	310,000	268,369	535,000	589,165
2010	320,000	257,569	555,000	570,440
2011-2015	1,775,000	1,087,747	3,130,000	2,506,380
2016-2020	2,265,000	658,808	3,915,000	1,747,213
2021-2025	1,660,000	120,756	4,990,000	734,588
Totals	<u>\$ 7,225,000</u>	<u>\$ 3,253,112</u>	<u>\$ 14,640,000</u>	<u>\$ 8,022,381</u>

2. Advance Refunding

In prior years, the Utilities defeased certain revenue and other bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments of the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the Utilities' financial statements. The following outstanding bonds, at December 31, 2005, were considered defeased:

	Amount
1996 Water Improvement	\$ 2,205,000
1993 Wastewater Improvement	2,555,000

3. Changes in Long-Term Liabilities

Long-term liability activity for the year ended December 31, 2005, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<u>Water Utility:</u>					
Revenue bonds payable	\$ 7,510,000	\$ -	\$ 285,000	\$ 7,225,000	\$ 290,000
Plus premium	47,598	-	3,967	43,631	-
Less deferred amount on refunding	(81,657)	-	(6,804)	(74,853)	-
Total Water Utility revenue bonds payable	<u>7,475,941</u>	<u>-</u>	<u>282,163</u>	<u>7,193,778</u>	<u>290,000</u>

WATER AND WASTEWATER UTILITIES
TOWN OF PLAINFIELD
NOTES TO FINANCIAL STATEMENTS
(Continued)

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<u>Wastewater Utility:</u>					
Revenue bonds payable	15,120,000	-	480,000	14,640,000	490,000
Less deferred amount on refunding	<u>(142,028)</u>	<u>-</u>	<u>(14,203)</u>	<u>(127,825)</u>	<u>-</u>
Total Wastewater Utility revenue bonds payable	<u>14,977,972</u>	<u>-</u>	<u>465,797</u>	<u>14,512,175</u>	<u>490,000</u>
Total revenue bonds payable	22,453,913	-	747,960	21,705,953	780,000
Compensated absences	<u>61,288</u>	<u>-</u>	<u>61,288</u>	<u>-</u>	<u>-</u>
Total long-term liabilities	<u>\$ 22,515,201</u>	<u>\$ -</u>	<u>\$ 809,248</u>	<u>\$ 21,705,953</u>	<u>\$ 780,000</u>

F. Restricted Assets

The balances of restricted asset accounts in the enterprise funds are as follows:

<u>Water Utility:</u>	
Customer deposits	\$ 141,671
Revenue bond debt service account	<u>1,628,476</u>
Total Water Utility restricted assets	<u>\$ 1,770,147</u>
<u>Wastewater Utility:</u>	
Revenue bond debt service account	<u>\$ 1,226,989</u>

G. Corrections of Errors in Prior Year's Capital Assets

An appraisal was performed in 2005 to inventory and evaluate the capital assets for the Water and Wastewater Utilities as of January 1, 2004, which resulted in a restatement of assets for the year 2004. During 2006, formula errors in the appraisal worksheets were discovered and corrected for the year 2005. The January 1, 2005, Capital Asset, Accumulated Depreciation, and Net Asset balances were adjusted as follows:

WATER AND WASTEWATER UTILITIES
TOWN OF PLAINFIELD
NOTES TO FINANCIAL STATEMENTS
(Continued)

	Balance as Reported December 31, 2004	Corrections	Balance as Restated January 1, 2005
<u>Water Utility:</u>			
Accumulated depreciation	\$ 8,832,681	\$ 5,680,482	\$ 14,513,163
Net Assets	43,716,777	(5,680,482)	38,036,295
<u>Wastewater Utility:</u>			
Capital Assets	91,853,300	4,359,432	96,212,732
Accumulated depreciation	14,724,301	452,467	15,176,768
Net Assets	70,159,150	3,906,965	74,066,115

III. Other Information

A. Risk Management

The Utilities are exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; job related illnesses or injuries to employees; medical benefits to employees, retirees, and dependents; and natural disasters.

The risks of torts; theft of, damage to, and destruction of assets; errors and omissions; job related illnesses or injuries to employees; medical benefits to employees, retirees, and dependents; and natural disasters are covered by commercial insurance from independent third parties. Settled claims from these risks have not exceeded commercial insurance coverage for the past three years. There were no significant reductions in insurance by major category of risk.

B. Rate Structure

1. Water Utility

On July 8, 1989, the Town Council adopted Ordinance 5-89 to withdraw from the jurisdiction of the Indiana Utility Regulatory Commission. The current rate structure was approved by the Council on July 22, 2002. The Utility has 7,080 customers.

2. Wastewater Utility

The current rate structure was approved by the Town Council on August 11, 2003. The Utility has 8,711 customers.

C. Pension Plan

Public Employees' Retirement Fund

Plan Description

The Town, including the Utilities, contributes to the Indiana Public Employees' Retirement Fund (PERF), a defined benefit pension plan. PERF is an agent multiple-employer public employee retirement system, which provides retirement benefits to plan members and beneficiaries. All full-time employees are eligible to participate in the defined benefit plan. State statutes (IC 5-10.2 and 5-10.3)

WATER AND WASTEWATER UTILITIES
TOWN OF PLAINFIELD
NOTES TO FINANCIAL STATEMENTS
(Continued)

govern, through the PERF Board, most requirements of the system and give the Utilities authority to contribute to the plan. The PERF retirement benefit consists of the pension provided by employer contributions plus an annuity provided by the member's annuity savings account. The annuity savings account consists of member's contributions, set by state statute at 3% of compensation, plus the interest credited to the member's account. The employer may elect to make the contributions on behalf of the member.

PERF administers the plan and issues a publicly available financial report that includes financial statements and required supplementary information for the plan as a whole and for its participants. The report may be obtained by contacting:

Public Employees' Retirement Fund
Harrison Building, Room 800
143 West Market Street
Indianapolis, IN 46204
Ph. (317) 233-4162

Funding Policy and Annual Pension Cost

The contribution requirements of plan members for PERF are established by the Board of Trustees of PERF. The Utilities' annual pension cost and related information, as provided by the actuary, is presented in this note.

Information to segregate the assets/liabilities and the actuarial study figures between the Town and the Utilities is not available. Therefore, the liability for Net Pension Obligation (NPO) is considered an obligation of the Town as a whole.

Actuarial Information for the Above Plan

	<u>PERF</u>
Annual required contribution	\$ 79,665
Interest on net pension obligation	(1,443)
Adjustment to annual required contribution	<u>1,645</u>
Annual pension cost	79,867
Contributions made	<u>119,990</u>
Decrease in net pension obligation	(40,123)
Net pension obligation, beginning of year	<u>(19,907)</u>
Net pension obligation, end of year	<u><u>\$ (60,030)</u></u>

WATER AND WASTEWATER UTILITIES
TOWN OF PLAINFIELD
NOTES TO FINANCIAL STATEMENTS
(Continued)

	<u>PERF</u>
Contribution rates:	
Utilities	4%
Plan members	3%
Actuarial valuation date	07-01-05
Actuarial cost method	Entry age
Amortization method	Level percentage of projected payroll, closed
Amortization period	40 years
Amortization period (from date)	07-01-97
Asset valuation method	4 year smoothed market

Actuarial Assumptions

Investment rate of return	7.25%
Projected future salary increases:	
Total	5%
Attributed to inflation	4%
Attributed to merit/seniority	1%
Cost-of-living adjustments	2%

Three Year Trend Information

	<u>Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
PERF	06-30-03	\$ 79,281	84%	\$ (7,805)
	06-30-04	75,448	116%	(19,907)
	06-30-05	79,867	159%	(60,030)

WATER AND WASTEWATER UTILITIES
TOWN OF PLAINFIELD
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF FUNDING PROGRESS

Public Employees' Pension Plan

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Excess of Assets Over (Unfunded) AAL (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	Excess (Unfunded) AAL as a Percentage of Covered Payroll ((a-b)/c)
07-01-03	\$ 1,578,512	\$ 1,599,352	\$ (20,840)	99%	\$ 1,617,433	(1%)
07-01-04	1,608,441	1,571,961	36,480	102%	1,791,829	2%
07-01-05	1,703,575	2,002,048	(298,473)	85%	2,141,343	(14%)

WATER AND WASTEWATER UTILITIES
TOWN OF PLAINFIELD
AUDIT RESULTS AND COMMENTS

OVERDRAWN FUND BALANCES

The fund balances of several funds were overdrawn during 2005. The following funds had overdrawn cash balances on December 31, 2005:

Fund Name	Overdrawn Amount
Wastewater 2003 Bond and Interest	\$ 930,051
Water 1996 Bond and Interest	97,349
Wastewater 1999 Bond and Interest	5,813

The fund balance of any fund may not be reduced below zero. Routinely overdrawn funds could be an indicator of serious financial problems which should be investigated by the governmental unit. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

DEPOSITORY RECONCILIATIONS

Depository reconciliations of the fund balances to the bank account balances were not completed. The depository reconciliation, for the two utilities combined, for December 31, 2005, had \$ 1,053, more in the depository than in the financial records. Officials have indicated that they believe the error is due to problems in maintaining the Town's financial records.

Indiana Code 5-13-6-1(e) states in part: "All local investment officers shall reconcile at least monthly the balance of public funds, as disclosed by the records of the local officers, with the balance statements provided by the respective depositories."

ERRORS ON CLAIMS

Claim forms supporting disbursements did not have evidence to support receipt of goods or services.

Indiana Code 5-11-10-1.6 states in part:

- "(b) As used in this section, 'claim' means a bill or an invoice submitted to a governmental entity for goods or services.
- (c) The fiscal officer of a governmental entity may not draw a warrant or check for payment of a claim unless . . . :
 - (2) the invoice or bill is approved by the officer or person receiving the goods and services;"

WATER AND WASTEWATER UTILITIES
TOWN OF PLAINFIELD
EXIT CONFERENCE

The contents of this report were discussed on February 1, 2007, with Wesley Bennett, Clerk-Treasurer; and Daniel Fivecoat, Town Councilman.